



DEPARTMENT OF STATE INSTRUCTION

1147

OFFICIAL USE ONLY 1147
(Security Classification)

FOR DC USE ONLY

NO.: A - 557, May 13, 1958

SUBJECT: Reciprocal Rights of Ownership of
Interests in Mining Corporations.

TO: The American Embassy, TOKYO.

The Department of the Interior has received an inquiry as to the status of Japan with respect to the reciprocity requirements of the Mineral Leasing Act of 1920 (30 U.S.C. 181). This inquiry brings into question specifically the legal capacity of Japanese citizens or corporations to obtain and hold through stock ownership in United States corporations interests in oil and gas leases on the public domain (i.e., lands owned by the Federal Government) in Alaska.

The pertinent provisions of the Act prohibit aliens or alien corporations from obtaining direct interests in such leases. Aliens are permitted, however, to acquire stock interests, including controlling interests, in United States corporations entitled to hold such leases; if the country of which they are citizens does not deny by law, custom or regulation "similar or like privileges" to United States citizens or corporations.

Since the Treaty of Friendship, Commerce and Navigation of 1953 contains a provision (Protocol paragraph 4) permitting either country to require that rights to engage in mining shall be subject to reciprocity, there is no treaty provision that would confer on Japanese citizens or corporations the right to obtain interests in mineral leases in the United States. In the absence of pertinent treaty provisions, the Department of the Interior will not issue a mineral lease to a United States corporation in which aliens hold stock interests unless the Department of State informs it that reciprocal rights are not denied to United States citizens or corporations by the country of which such aliens are citizens.

Accordingly, the Embassy is requested to inquire of the appropriate Japanese authorities as to the treatment accorded by Japanese custom, law or regulation to United States citizens and corporations in this regard.

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MAY 13 1958 P.M.

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